

**CLARK PUBLIC SCHOOL DISTRICT
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2015**

**CLARK PUBLIC SCHOOL DISTRICT
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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Honorable President and Members
of the Board of Trustees
Clark Public School District
Clark, New Jersey

We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Clark Public School District as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated December 21, 2015.

As part of our audit, we performed procedures required by the Office of School Finance, Department of Education, State of New Jersey and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information and use of management, the Board of Trustees, management, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

Lerch, Vinci & Higgins, LLP

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants

Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
December 21, 2015

**CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's Comprehensive Annual Financial Report (the "CAFR").

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Mark A. Kenney	Interim Business Administrator/Board Secretary	\$250,000
Thomas Angelo	Treasurer of School Monies	\$250,000

There is a blanket dishonesty bond covering all other employees, including faithful performance for elected officials, in the amount of \$250,000 per loss.

- **Finding** – Our audit revealed that wire transfer memos were not approved by authorized District personnel.

Recommendation – Wire transfer memo forms be approved by authorized District personnel.

Financial Planning, Accounting and Reporting

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made.

Examination of Claims

An examination of claims paid during the period under review did not indicate any material discrepancies with respect to signatures and certifications.

- **Finding (CAFR Finding 2015-001)** – Our audit of claims revealed certain purchase orders and invoices were not available for audit.

Recommendation – All purchase orders and invoices be maintained on file and made available for audit.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls tested were certified by the President of the Board, the Board Secretary/School Business Administrator and the Superintendent.

**CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Financial Planning, Accounting and Reporting (Continued)

Payroll Account (Continued)

Salary withholdings were remitted to the proper agencies with exceptions noted, including health benefit withholdings due to the General Fund.

- **Finding** – We noted a penalty was assessed to the District by the New Jersey Division of Revenue for the untimely filing of the first quarter 2015 WR-30.

Recommendation – State payroll forms (WR-30) be filed in a timely manner to avoid late filing penalties.

- **Finding** – Our audit of the February 15, 2015 payroll revealed duplicate internal payroll transfers, as well as, duplicate payments to the State of New Jersey for employee payroll taxes.

Recommendation – Internal controls be reviewed and updated to ensure that the remittance of employee payroll taxes and the transfer of payroll funds are not duplicated.

- **Finding (CAFR Finding 2015-002)** – Our audit revealed an instance where the amount withdrawn from the payroll account for employee direct deposits exceeded the amount reported in the semi-monthly payroll summary report.

Recommendation – Amounts withdrawn from the payroll account for employee direct deposits be reconciled and in agreement with the amount reported in the semi-monthly payroll summary report.

- **Finding (CAFR Finding 2015-002)** – Our audit revealed that employees who were no longer employed by the District were not identified as inactive in the employee payroll system. As a result, several employees received salary related payments after their termination date.

Recommendation – The employee payroll system be updated in a timely manner to ensure that only active employees are included in the semi-monthly payrolls.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

- **Finding** – Our audit of outstanding purchase orders revealed the following:
 - Certain purchase order balances in the General Fund which were classified as accounts payable were determined to be encumbrances.
 - Certain purchase order balances in the General Fund which were classified as encumbrances were determined to be accounts payable.
 - Certain purchase order balances in the Special Revenue Fund and Before and After Care program were deemed to be invalid at year end.

Recommendation – Procedures be implemented to ensure purchase orders are reviewed at year end to determine that the appropriate amounts are classified properly as accounts payable or year-end encumbrances and invalid purchase order balances are cancelled.

**CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Financial Planning, Accounting and Reporting (Continued)

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3.

- **Finding (CAFR Finding 2015-006)** – Our audit of budget charges revealed certain administrative employee salary expenditures were not charged to the proper budget line accounts in accordance with the Minimum Chart of Accounts for New Jersey Public Schools.

Recommendation – Administrative salaries be reviewed to ensure they are properly charged to the appropriate budget line accounts in accordance with the Uniform Minimum Chart of Accounts for New Jersey Public Schools.

Board Secretary's Records

The financial records, books of account and minutes maintained by the Board Secretary were in fair condition.

The prescribed contractual order system was followed.

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

Monthly Board Secretary's report and certifications were approved by the Board in a timely manner.

- **Finding (CAFR Finding 2015-003)** – Our audit revealed that a tuition receivable ledger was not maintained which accounted for the tuition payments received during the year and the amounts due at year end.

Recommendation – A tuition receivable ledger be maintained which includes the tuition payments received and reports the tuition amounts due at year end.

- **Finding (CAFR Finding 2015-004)** – Our audit of the Capital Projects Fund revealed the following:
 - Final executed SDA grant awards in the amount of \$210,012 have not been obtained for the ADA restroom renovations.
 - The local contribution in the amount of \$315,019 has not been transferred from the General Fund.
 - A contract was awarded for the ADA restroom renovation projects in the amount of \$488,000 prior to finalizing the required project funding. In addition, the contract award was not recorded in the District records at year end.

Recommendation – The final executed SDA grant agreements be obtained and the required local contribution be transferred to the Capital Projects Fund for the ADA restroom renovation projects. In addition, contract obligations be recorded when awarded by the District in the Capital Projects Fund.

**CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records (Continued)

- **Finding** – Our audit revealed several mispostings of revenue and expenditure transactions in the General Fund, Special Revenue Fund and Food Service Enterprise Fund.

Recommendation – Revenue and appropriation transactions for the General Fund, Special Revenue Fund and Food Service Enterprise Fund be accurately recorded in each respective fund.

- **Finding** – Our audit revealed that the amount reimbursed to the General Fund budget for employee health benefit contributions was not in agreement with the amount deducted from the employees per the District's payroll records.

Recommendation – Amounts reimbursed to the budget for employee health benefit contributions be reconciled with the actual amounts deducted per the payroll records.

Treasurer's Records

The Treasurer did perform cash reconciliations for all accounts.

All cash receipts were promptly deposited.

The Treasurer's records were in agreement with the Board Secretary.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as Reauthorized by the No Child Left Behind Act of 2001

The E.S.E.A. financial exhibits are contained within the Special Revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, II and III of the Elementary and Secondary Education Act, as amended.

- **Finding (CAFR Finding 2015-005)** – We noted certain purchase orders at year end which were recorded as encumbrances but were determined to be invalid in the IDEA grant program.

Recommendation – As previously recommended above, procedures be implemented to ensure encumbrances are reviewed at year end for validity and invalid purchase order balances are cancelled.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Exhibits K-3 and K-4 located in the CAFR.

Our audit of the Federal and State funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

**CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Financial Planning, Accounting and Reporting (continued)

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

There were no reimbursement amounts paid to the State for TPAF employees paid from Federal funds during the 2014/2015 fiscal years as of the date of audit.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law".

Effective April 17, 2000, N.J.S.A. 18A:18A (Public School Contracts Law) was revised by P.L. 1999, C. 440.

Effective July 1, 2010 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:39-3 are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,300.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Board Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our examination did not indicate that payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S. 18A:18A-4, as amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did not reveal that purchases were made through the use of state contracts.

**CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

School Food Service

The financial transactions and statistical records of the school food services were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

The district utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18a:17-34, and 19-1 through 19.4.1. Provisions of the FSMC contract/addendum were reviewed. The FSMC contract includes an operating results provision which guarantees that the food service program will return a \$50,000 profit to the District. The operating results provision has been met.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal policy is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review.

Cash receipts and bank records were reviewed for timely deposits.

Expenses were separately recorded as food, labor and other costs. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenses for program related goods and services. The appropriate revenue and expense records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures.

Food distribution program commodities were received and a separate inventory was maintained on a first-in, first-out basis.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds.

The District has contracted with Maschio's Food Services, Inc. to operate its school food service program.

Before and After School Program

The financial transactions of the Before and After School Program were maintained as an Enterprise Fund. The financial accounts and records were reviewed on a test-check basis.

Cash receipt records and bank records were reviewed for timely deposits and proper fee charges .

Cash disbursement records had supporting documentation and reflected program related expenses.

Student Body Activities

The Board has a policy which clearly establishes the regulation of student activity funds.

Cash receipts and cash disbursements records were maintained in good condition.

All cash disbursements had proper supporting documentation.

**CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2014 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, on-roll low-income and Limited English Proficient. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with immaterial exceptions noted. The information on the District workpapers was verified with immaterial exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintained workpapers on the prescribed state forms or their equivalent.

The district has adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2014-2015 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary with an immaterial exception noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreement for consistency with recording SDA revenue, transfer of local funds from the General Fund or from the Capital Reserve Account, and awarding of contracts for eligible facilities construction.

- **Finding** – Our audit of the District’s capital assets revealed capital assets were not updated for the 2014/2015 school year additions and deletions.

Recommendation – The District update its capital asset records on a timely basis to reflect all current year activity.

Suggestions to Management

- A resolution should be approved for a not-to-exceed amount for the estimated amount to be paid for additional maintenance services for the school year.

**CLARK PUBLIC SCHOOL DISTRICT
FOOD SERVICE FUND
SCHEDULE OF MEAL COUNT ACTIVITY
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**COMPARISON OF NET CASH RESOURCES TO THREE
MONTHS AVERAGE EXPENDITURES
ENTERPRISE FUNDS
AS OF JUNE 30, 2015**

Net Cash Resources:

Current Assets

Cash and Cash Equivalents	\$	49,261
Accounts Receivable		7,909

Current Liabilities

Less:

Accounts Payable		(31,398)
Deferred Revenue		(13,293)

Net Cash Resources	\$	<u>12,479</u>
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Adjusted Total Operating Expense:

Total Operating Expenses	\$	628,176
Less Depreciation		(1,285)

Adjusted Total Operating Expense	\$	<u>626,891</u>
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<u>Average Monthly Operating Expense:</u>	\$	<u>62,689</u>
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<u>Three Times Monthly Average:</u>	\$	<u>188,067.30</u>
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Total Net Cash Resources	\$	12,479
Three Times Monthly Average		<u>188,067</u>

Net Cash Resources below Three Month Average Expenses	\$	<u>(175,588)</u>
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**CLARK PUBLIC SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2014
SCHEDULE OF AUDITED ENROLLMENTS**

	2015-2016 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on		Workpapers		Errors		Sample Selected from		Register Verified per		Registers On Roll		Reported on	Sample		
	A.S.S.A. On Roll	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	A.S.S.A. as Private Schools	for Verification	Sample	Errors
Half Day Pre-K 3yr	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Pre-K 3yr	15	-	-	-	-	-	15	-	-	-	-	-	-	-	-	-
Half Day Pre-K 4yr	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Pre-K 4yr	25	-	-	-	-	-	25	-	-	-	-	-	-	-	-	-
Full Day K	145	-	-	-	-	-	79	-	-	-	-	-	-	-	-	-
One	161	-	-	-	(3)	-	86	-	-	-	-	-	-	-	-	-
Two	144	-	-	-	-	-	59	-	-	-	-	-	-	-	-	-
Three	128	-	-	-	-	-	57	-	-	-	-	-	-	-	-	-
Four	145	-	-	-	-	-	87	-	-	-	-	-	-	-	-	-
Five	137	-	-	-	-	-	68	-	-	-	-	-	-	-	-	-
Six	140	-	-	-	-	-	140	-	-	-	-	-	-	-	-	-
Seven	146	-	-	-	-	-	146	-	-	-	-	-	-	-	-	-
Eight	154	-	-	-	-	-	154	-	-	-	-	-	-	-	-	-
Nine	170	-	-	-	-	-	170	-	-	-	-	-	-	-	-	-
Ten	151	3	-	-	-	-	151	-	-	-	-	-	-	-	-	-
Eleven	171	16	-	-	-	-	171	-	-	-	-	-	-	-	-	-
Twelve	176	11	-	-	-	-	176	-	-	-	-	-	-	-	-	-
Adult School (15+cr)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	2,011	30	2,014	30	(3)	-	1,584	-	-	1,589	-	(5)	-	-	-	-
Sp. Ed. - Elementary	129	-	129	-	-	-	56	-	-	56	-	-	3	1	1	-
Sp. Ed. - Middle School	71	-	71	-	-	-	71	-	-	71	-	-	2	1	1	-
Sp. Ed. - High School	84	18	84	18	-	-	84	-	-	85	-	(1)	3	2	2	-
Subtotal	284	18	284	18	-	-	211	-	-	212	-	(1)	8	4	4	-
Totals	2,295	48	2,298	48	(3)	-	1,795	-	-	1,801	-	(6)	8	4	4	-

Percentage Error -0.13% 0.00% -0.33% 0.00%

**CLARK PUBLIC SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2014
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.A as Low Income	Reported on Low Income	Workpapers as Low Income	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on LEP low Income	Workpapers as LEP low Income	Reported on LEP low Income	Sample Selected	Verified to Test Score and Register	Sample Errors
Full Day Pre-K-3yr	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Pre-K 4yr	-	-	-	-	-	-	-	-	-	-	-	-
Full Day K	7.0	7.0	7.0	3.0	3.0	-	1.0	1.0	1.0	1.0	1.0	-
One	7.0	7.0	7.0	3.0	3.0	-	-	-	-	-	-	-
Two	8.0	8.0	8.0	3.0	3.0	-	1.0	1.0	1.0	1.0	1.0	-
Three	3.0	3.0	3.0	2.0	2.0	-	-	-	-	-	-	-
Four	9.0	9.0	9.0	3.0	3.0	-	-	-	-	-	-	-
Five	10.0	10.0	10.0	3.0	3.0	-	-	-	-	-	-	-
Six	9.0	9.0	9.0	3.0	3.0	-	-	-	-	-	-	-
Seven	8.0	8.0	8.0	3.0	3.0	-	1.0	1.0	1.0	1.0	1.0	-
Eight	5.0	5.0	5.0	2.0	2.0	-	-	-	-	-	-	-
Nine	9.0	9.0	9.0	2.0	2.0	-	-	-	-	-	-	-
Ten	5.0	5.0	5.0	1.0	1.0	-	-	-	-	-	-	-
Eleven	9.0	9.0	9.0	2.0	2.0	-	-	-	-	-	-	-
Twelve	4.5	4.5	4.5	1.0	1.0	-	-	-	-	-	-	-
Adult School (15+ credits)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	93.5	93.5	93.5	31.0	31.0	-	3.0	3.0	3.0	3.0	3.0	-
Special Ed. - Elementary	13.0	13.0	13.0	2.0	2.0	-	-	-	-	-	-	-
Special Ed. - Middle	11.0	11.0	11.0	2.0	2.0	-	-	-	-	-	-	-
Special Ed. - High	8.5	8.5	8.5	2.0	2.0	-	-	-	-	-	-	-
Subtotal	32.5	32.5	32.5	6.0	6.0	-	-	-	-	-	-	-
Co. Voc. -Regular	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-
Totals	126.0	126.0	126.0	37.0	37.0	-	3.0	3.0	3.0	3.0	3.0	-
Percentage Error												0.00%

Transportation					
Reported on DRTS by BOE	Reported on DRTS by District	Errors(1)	Tested	Verified	Errors
183.0	183.0	-	16.0	16.0	-
33.0	33.0	-	3.0	3.0	-
33.0	33.0	-	3.0	3.0	-
37.0	38.0	(1.0)	3.0	3.0	-
286.0	287.0	(1.0)	25.0	25.0	-
Percentage Error		-0.35%			0.00%

**CLARK PUBLIC SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2014
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident LEP Not Low Income			Sample for Verification		
	Reported on ASSA as LEP Not low Income	Workpapers as LEP Not low Income	Errors	Sample Workpapers Selected from	Verified to Application and Register	Sample Errors
Full Day Pre-K 3yr	-	-	-	-	-	-
Full Day Pre-K 4yr	-	-	-	-	-	-
Full Day Kindergarten	-	-	-	-	-	-
One	5.0	5.0	-	3.0	3.0	-
Two	6.0	6.0	-	3.0	3.0	-
Three	3.0	3.0	-	2.0	2.0	-
Four	4.0	4.0	-	3.0	3.0	-
Five	1.0	1.0	-	1.0	1.0	-
Six	2.0	2.0	-	1.0	1.0	-
Seven	-	-	-	-	-	-
Eight	1.0	1.0	-	1.0	1.0	-
Nine	4.0	4.0	-	2.0	2.0	-
Ten	-	-	-	-	-	-
Eleven	-	-	-	-	-	-
Twelve	3.0	3.0	-	3.0	3.0	-
Adult School (15+ credits)	-	-	-	-	-	-
Subtotal	29.0	29.0	-	19.0	19.0	-
Special Ed. - Elementary	-	-	-	-	-	-
Special Ed. - Middle	1.0	1.0	-	1.0	1.0	-
Special Ed. - High	1.0	1.0	-	1.0	1.0	-
Subtotal	2.0	2.0	-	2.0	2.0	-
Co. Voc. -Regular	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-
Totals	31.0	31.0	-	21.0	21.0	-
Percentage Error	0.00%			0.00%		

**CLARK PUBLIC SCHOOL DISTRICT
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SECTION 1A - Two Percent (2%) - Calculation of Excess surplus (2014-2015 expenditures of \$100 million or less)

2014-2015 Total General Fund Expenditures per the CAFR	\$	34,858,863
Increased by:		
Transfer from Capital Reserve to Capital Projects Fund		
Decreased by:		
On-Behalf TPAF Pension & Social Security		3,230,005
Assets Acquired Under Capital Leases		<u>345,204</u>
 Adjusted 2014-2015 General Fund Expenditures	 \$	 <u>31,283,654</u>
 2% of Adjusted 2014-2015 General Fund Expenditures	 \$	 <u>625,673</u>
 Enter Greater of 2% of Adjusted 2014-2015 General Fund Expenditures or \$250,000	 \$	 625,673
Increased by:		
Allowable Adjustment		<u>85,029</u>
 Maximum Unassigned Fund Balance	 \$	 <u>710,702</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2015	\$	4,827,573
Decreased by:		
Excess Surplus - Designated for Subsequent Year's Expenditures		903,849
Capital Reserve		1,257,070
Maintenance Reserve		750,000
Designated for Subsequent Year's Expenditures		8,161
Year End Encumbrances		<u>313,741</u>
 Total Unassigned Fund Balance	 \$	 <u>1,594,752</u>

SECTION 3

Restricted Fund Balance - Excess Surplus	\$	<u>884,050</u>
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Recapitulation of Excess Surplus as of June 30, 2015

Excess Surplus - Designated for Subsequent Year's Expenditures	\$	903,849
Excess Surplus		<u>884,050</u>
	\$	<u>1,787,899</u>

Detail of Allowable Adjustments

Extraordinary Aid	\$	67,807
Nonpublic Transportation Aid		<u>17,222</u>
	\$	<u>85,029</u>

**CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

RECOMMENDATIONS

I. Administration Practices and Procedures

It is recommended that wire transfer memo forms be approved by authorized District personnel.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. All purchase orders and invoices be maintained on file and made available for audit.
- * 2. State payroll forms (WR-30) be filed in a timely manner to avoid late filing penalties.
3. Internal controls be reviewed and updated to ensure that the remittance of employee payroll taxes and the transfer of payroll funds are not duplicated.
4. Amounts withdrawn from the payroll account for employee direct deposits be reconciled and in agreement with the amount reported in the semi-monthly payroll summary report.
5. The employee payroll system be updated in a timely manner to ensure that only active employees are included in the semi-monthly payrolls.
6. Procedures be implemented to ensure purchase orders are reviewed at year end to determine amounts are properly classified as accounts payable or year end encumbrances and invalid purchase order balances are cancelled.
7. Administrative salaries be reviewed to ensure they are properly charged to the appropriate budget line accounts in accordance with the Uniform Minimum Chart of Accounts for New Jersey Public Schools.
8. A tuition receivable ledger be maintained which includes the tuition payments received and reports the tuition amounts due at year end.
9. The final executed SDA grant agreements be obtained and the required local contribution be transferred to the Capital Projects Fund for the ADA restroom renovation projects. In addition, contract obligations be recorded when awarded by the District in the Capital Projects Fund.
10. Revenue and appropriation transactions for the General Fund, Special Revenue Fund and Food Service Enterprise Fund be accurately recorded in each respective fund.
11. Amounts reimbursed to the budget for employee health benefit contributions be reconciled with the actual amount deducted per the payroll records.

III. School Purchasing Program

There are none.

IV. School Food Service

There are none.

**CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

RECOMMENDATIONS

V. Before and After School Programs

There are none.

VI. Student Body Activities

There are none.

VII. Application for State School Aid

There are none.

VIII. Pupil Transportation

There are none.

IX. Facilities and Capital Assets

It is recommended that the District update its capital asset records on a timely basis to reflect all current year activity.

X. Status of Prior Years' Audit Findings/Recommendations

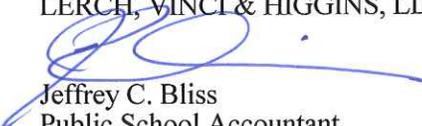
A review was performed on the prior year's recommendations and corrective action was taken on all, except the recommendation denoted with an asterisk (*).

ACKNOWLEDGEMENT

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP


Jeffrey C. Bliss
Public School Accountant
Certified Public Accountant